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POSTAL REGULATORY
COMMISSION
OFFICE OF THE SECRETARY

July 1, 2010

Hon. Shoshana M. Grove, Secretary
Postal Regulatory Commission
901 New York Avenue NW, Suite 200
Washington, D.C. 20268-0001

Dear Ms. Grove:

In connection with the Commission's rules pertaining to periodic reports, 39 C.F.R. § 3050 (2009), I have enclosed copies of the following:

- 1) Summary Description of USPS Development of Costs by Segments and Components, Fiscal Year 2009
- 2) Narrative Explanation of Econometric Demand Equations for Market Dominant Products as of November, 2009
- 3) Narrative Explanation of Econometric Demand Equations for Competitive Products as of November, 2009 (**non-public**)

These reports provide the information specified in the Commission's final rule 39 C.F.R. § 3050.60(f), which describes the information required as follows:

- (f) Succinct narrative explanations of how the estimates in the most recent Annual Compliance Determination were calculated and the reasons that particular analytical principles were followed. The narrative explanations shall be comparable in detail to that which had been provided in Library Reference 1 in omnibus rate cases processed under the Postal Reorganization Act (by July 1 of each year)

As noted in my letter transmitting these items last year (Jul 1, 2009), item 1) provides the information that was provided commonly in Library Reference 1 filed in previous omnibus rate cases. As discussed in Commission Order No. 203, items 2) and 3) provide narrative explanations pertaining to the Postal Service's estimates of demand for its Market Dominant (item 2) and Competitive (item 3) products.¹

¹ Notice of Final Rule Prescribing Form and Content of Periodic Reports, Order No. 203,

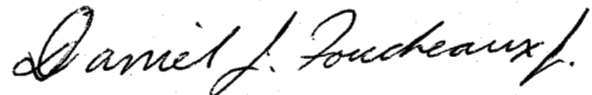
Items 1) and 2) may be made available to the public and posted on the Commission's public internet web site. The Postal Service considers item 3) to be commercially sensitive and should not be made public or posted on the Commission's web site.

Item 3) concerns demand equations for the Postal Service's competitive products. Please note that this document directly relates to the competitive product demand analysis materials that were provided to the Commission on January 20, 2010. The Postal Service believes that item 3) consists of commercial information that would not be disclosed under good business practices, and that it is exempt from mandatory disclosure, pursuant to 5 U.S.C. § 552(b)(3) and 39 U.S.C. § 410(c)(2). Since this information relates directly and specifically to the demand analysis materials for competitive products submitted by letter of R. Andrew German to the Secretary dated January 20, 2010, the application for non-public treatment attached to that letter is hereby incorporated by reference.

I have included hard copy versions of each of these reports, with the exception of item 1). Hard copy versions of item 1) are being printed. We will provide them to the Commission when they are available. In addition, I have enclosed computer disks containing electronic versions of all these reports.

If you have any questions concerning these reports, please contact us.

Sincerely,



Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing and Product
Support

Enclosures

cc: Ms. Taylor